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Nuts and Bolts of Economic Vitality in the Refresh Era

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Economic Vitality



- EV means rethinking downtowns in a way other than it's traditionally seen
- EV means **MAKING** things happen in the downtown, rather than letting things happen in the district.



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Why does your downtown need vitality?



- The downtown's economic value is based on its commercial activity and its real estate – factors that are integrally related.
- The real value of downtown buildings depends on their ability to support commercial activity.
- For real estate to increase in value, rents must go up; for rents to go up, economic activity must increase.

Don Rypkema of the Real Estate Services Groups and author of *The Economics of Historic Preservation*



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Fundamental Four-Point Approach®



All four points take on development responsibilities.

- Design Committee **develops** space/place
- Organization Committee **develops** partners/resources
- Promotion Committee **develops** customers
- Economic Vitality Committee **develops** entrepreneurs and uses



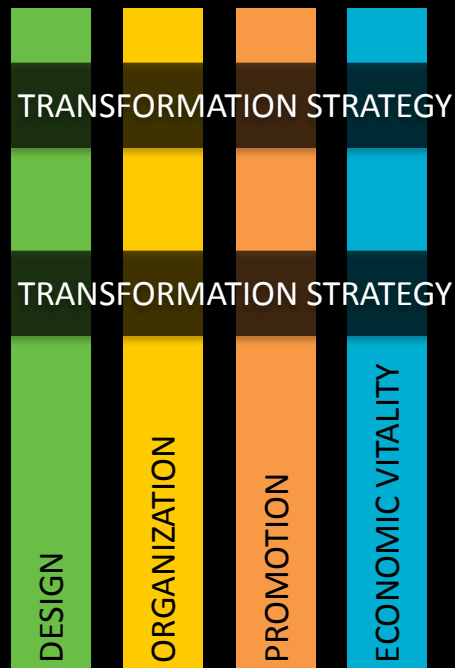
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THE NEW MAIN STREET APPROACH



- COMMUNITY VISION
- MARKET UNDERSTANDING

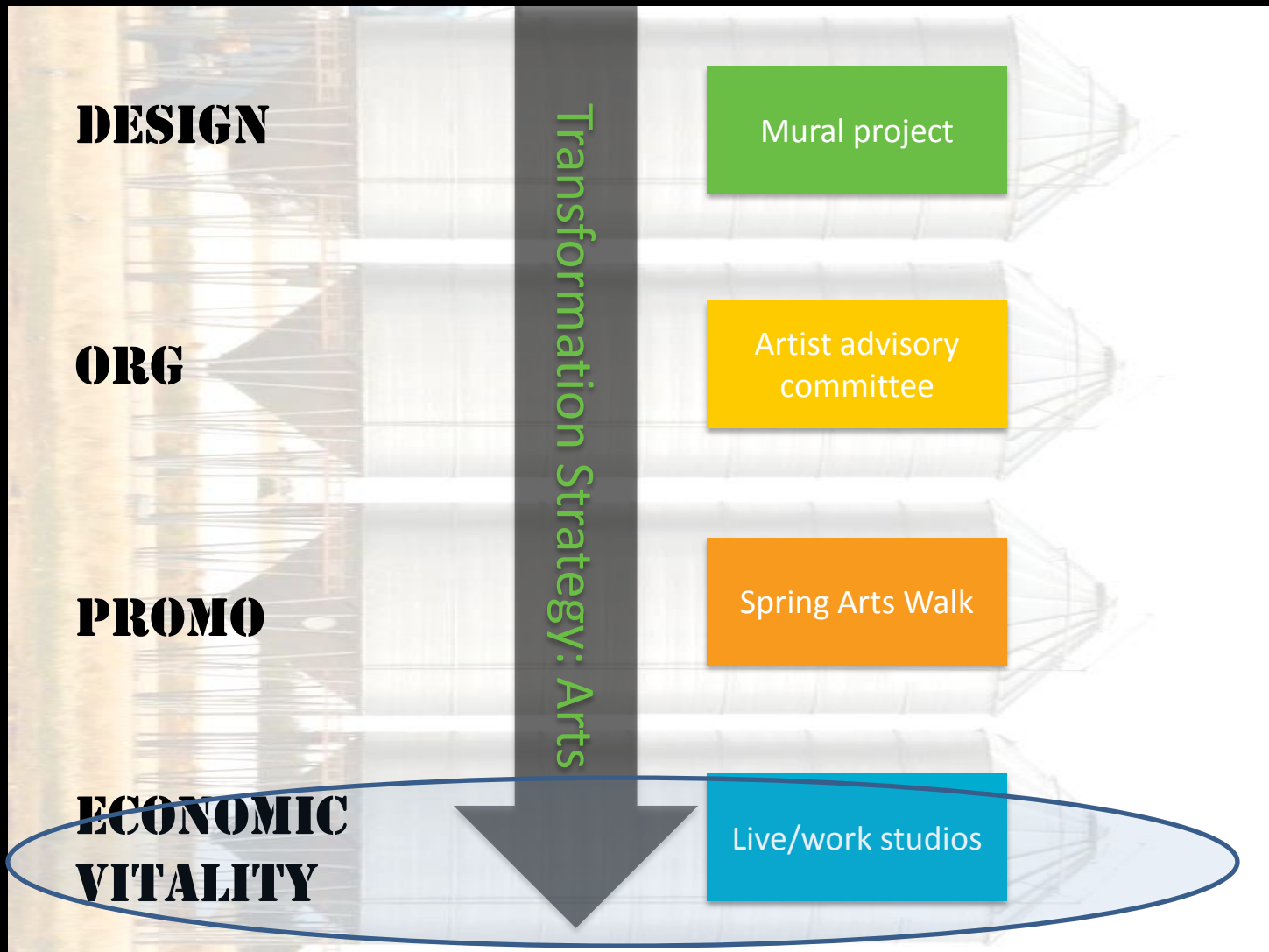


- QUANTITATIVE OUTCOMES
- QUALITATIVE OUTCOMES



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Mission of E.V. Committee

To improve the economic condition of the downtown by identifying new market opportunities, supporting businesses, and stimulating investment.

HOWEVER, This mission needs to be aligned with the goals of the Transformation Strategies and the work of the other “points.”



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Preliminary Stuff:

Market Data Understanding

- Trade area definition
- Demographics of current customers
- Demographics of trade-area residents
- Demographics of trade-area visitors
- “Psychographics”
- Retail sales indicators
 - Actual sales
 - “Buying power”



Ellensburg, WA

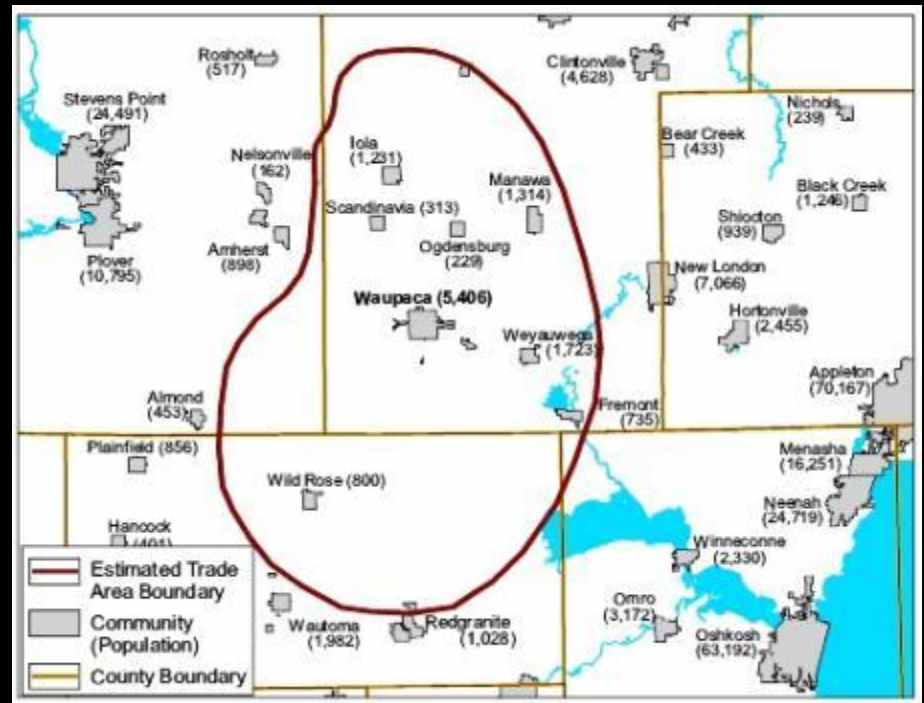


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Where Are Your Customers?

- Trade area- geographic area from which a district draws most of its customers
- Determining trade areas
 - Business surveys.
 - Natural boundaries.
 - Zip codes
 - Drive Times
 - Mileage from Core



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What 3 Words Come to Mind?



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Market Understanding: Building Inventory

- Ownership
- Tenancy
- Physical characteristics
- Amenities
- Lease terms
- History
- Photos + floor plan



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Market Understanding

Business Inventory

Type of Business

Products/merchandise

Space use

Square footage

Employment

Business hours

Advertising patterns

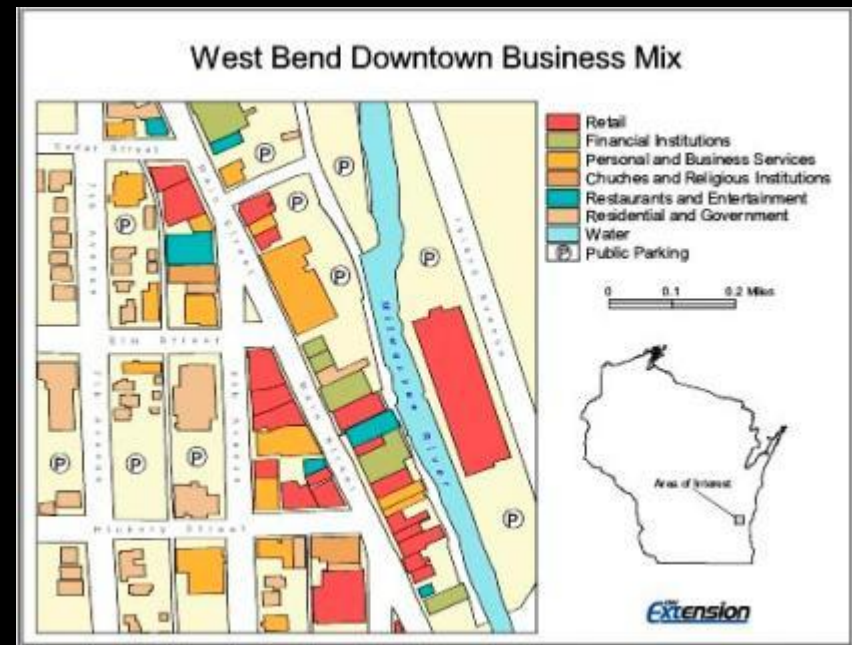


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Market Understanding - Existing Business Mix

- Classifying district businesses.
- Identifying niches, strengths and weaknesses.
 - Complimentary/Competitive/Convenience
 - Price/Selection
 - Customers



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Defining Your Transformation Strategy Vision

Here's an example:

“Position Main Street Claremont as a center for cultural activity in the Upper Valley, including new restaurants and businesses that complement the Opera House and existing artisan base.”



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Defining Your Transformation Strategy Vision

Here's another:

“Create a robust residential base downtown, with a wide range of products and services available that serve downtown residents and workers as well as visitors.”



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HEALTH + WELLNESS TRANSFORMATION STRATEGY



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Health and Wellness Strategy

A Health and Wellness strategy pulls together retail, recreational, educational, and professional businesses (including social service organizations) and organizes them around improving people's well-being. Businesses like pharmacies, urgent care centers, and doctors' and dentists' offices are obvious components of this strategy.

Others may include gyms, yoga studios, spas, bike stores, organic grocers, smoothie shops, health-and-beauty-aid stores, and more.

The strategy involves connecting key health and recreation assets beyond retail elements, such as walking/bike trails, parks, recreation centers, skate parks, etc.



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Orinda's Health and Wellness Assets

Psychographic characteristics suggest high desirability to participate in health and wellness activities as well as purchase products and other consumer services within this category

Spending Potential Index data demonstrates 3 times national average spending rates on exercise and health club memberships.

San Pablo Creek represents high potential natural asset that could link miles of currently utilized trails to downtown.

City's Parks and Recreation programs have high participation rates and are well respected by local citizens.

Sporting Goods and Hobbies category shows more than \$15 million in outside leakage. Likely capture would support between \$1.5 million and \$3 million in new spending.



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Who are the Customers

- Young families
- Young professionals
- Senior citizens
- “outdoor recreation tourists”



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Potential Goods and Services

- Apparel (casual/athletic)
- **Bicycle store w rentals**
- Boating/kayak/sailing/canoe sales/rentals
- Locally produced products (food or gifts)
- Lodging: inns, B&Bs, AirBNB
- Pharmacy
- Recreational vehicle rental (off-highway vehicles, snowmobiles, motorcycles)



*Bike Store: \$15.5 million leakage in category; \$1.5 million potential capture/\$350 sq.ft. avg sales = 4,285 sq.ft. supportable.
Note: Average bike store is 4,600 sq.ft.*



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Sample Activities

Sample Design activities:

- Add bike paths and bike racks in the commercial district (or other amenities that serve a recreation-oriented user).
- Install way-finding system from outdoor attractions to downtown.
- **Install signs and markers to create walking and running trails in and around the commercial district.**
- Install exercise equipment in a pocket park.

Sample Organization activities:

- Convene the business owners and the managers of parks or recreational sites so they can understand and further hone the strategy.
- Work with the city to assess lodging tax revenues and determine how they could be strategically used to enhance Sports and Recreation attractions.
- **Initiate a meeting of representatives of local health-related institutions or businesses to establish a partnership for the strategy.**



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Sample Activities

Sample Promotion activities:

- Develop an event downtown that connects to regional recreational attractions. Steamboat Springs, Colorado, holds a winter carnival where some ski sports (that normally take place on the mountains) are brought downtown – including “ski joring”, where a skier is pulled by a horse.
- **Build upon an existing large community event – Like the 4th of July...Hold a “Firecracker 4 Run.”**
- Develop a brand identity that connects health and wellness to the district.
- Hold a health fair, with healthy cooking demonstrations, physical activities, and opportunities to get screened for blood pressure and other health indicators.

Sample Economic Vitality activities:

- Gather market data on visitors to sports and recreation destinations (e.g., geographic draw, demographic profile, length of visit, size of party, etc.)
- **Work with restaurants to offer healthy options on their menus and help them to distribute the menus through other businesses that are part of the Health and Wellness cluster.**
- Work with a local gym to run outdoor “boot camps” during warmer weather months.



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OTHER FOUNDATIONAL EV ACTIVITIES



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Building on Your Transformation Strategy Businesses – Recruitment of Targeted Businesses

- Example: Young Families
 - Movie theater, arcade
 - Children's clothing store (inc. shoes)
 - Toy store
 - Sporting goods store
 - Hangout with Wi-Fi (beverages, snacks, dance floor)
 - Children's bookstore
 - Music store, electronics, gaming
- Example: Hobby/gift
 - Art supply store, craft shop
 - Sporting goods store
 - Knitting, crochet, etc.
 - Beading
 - Scrapbooking
 - Cooking, kitchen store
 - Collectibles



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Help Craft a Downtown Development Plan

- Visually map out or model your ideal/dream marketplace
- Resource(s)
 - Niches and Clusters fact sheet
 - Downtown Development Plan Pros and Cons fact sheet

Case examples:

- Blackstone (VA)
- Beloit mapping and modeling exercises (Legos)



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Strengthen existing businesses

- Communication (two-way) and relationship building
 - Build Trust
- Counseling/business assistance
 - Help increase profits
 - Solve business problems
 - Increase incentives
 - Facilitate transfer of ownership
- Keep them happy
- Demonstrate a pro-business attitude



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Get Businesses to Support Each Other

- Inform businesses about interdependence vs. independent
- Walk-Abouts (monthly visits to businesses – 20 minutes)



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Experience Based Retailing



- The customer experience may be the focus, but the employee experience is also important
 - The employees are crucial to shaping the customer experience through the quality of the service they provide



- Delivery
- Installation
- In-home sales
- Personal shopping



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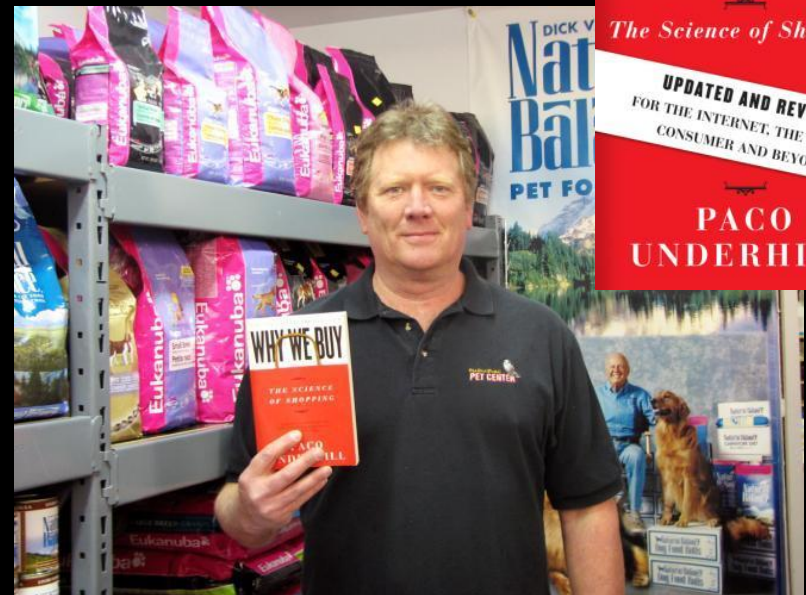
Grow Entrepreneurial Ventures

Learn how good businesses work then communicate best business practices

— Resource(s)

- Why We Buy: The Science of Shopping by Paco Underhill

- Case example:
 - Ellensburg (WA) Business Brownbag Bookclub



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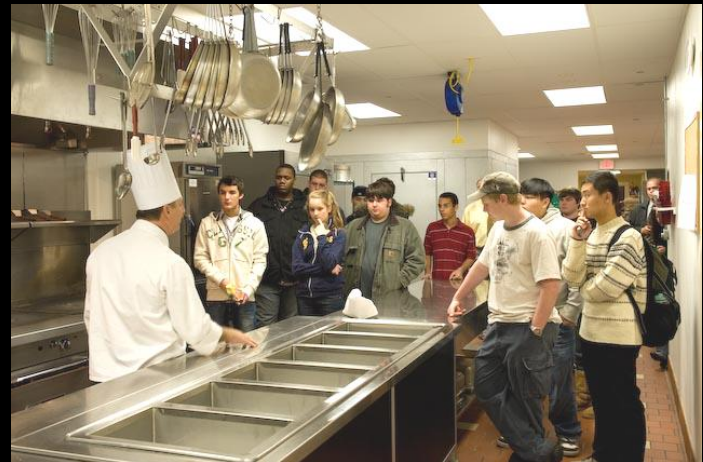
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Plant the seed for entrepreneurship and grow entrepreneurial spirit/culture

Establish or support entrepreneurship coursework in schools (high school, college, universities, technical institutes)

Case example:

- Simsbury (CT) Main Street Partnership & Simsbury High School Culinary Arts Training Pilot Program



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Start, improve, expand, spin-off, and transition entrepreneurial ventures

- Incentivize targeted entrepreneurial ventures
- Encourage property owners to participate in Delaware's Pop-Up Program



DELAWARE
ECONOMIC DEVELOPMENT OFFICE

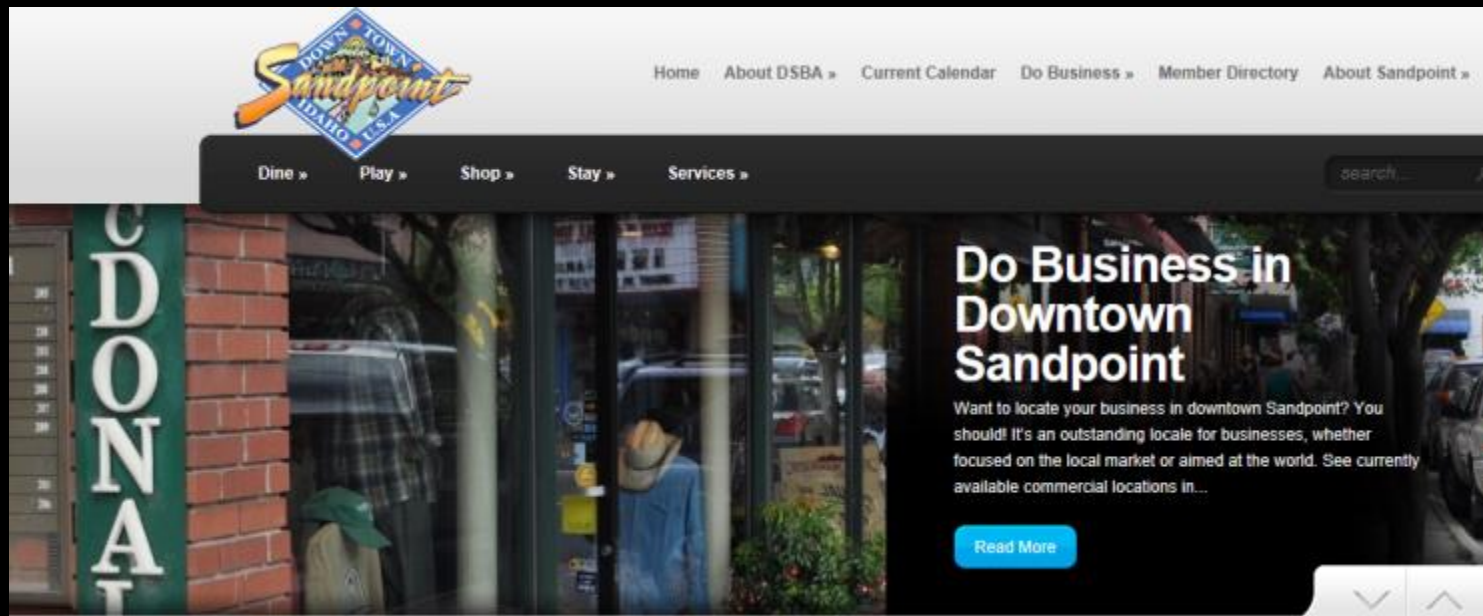
Right Place. Right Size.



Project Pop-Up

Business Retention & Expansion

- Business development workshops & Resource library
 - One-on-one assistance technical/ financial /business repositioning.



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Business Retention Activities - Training



Free Cash Flow Seminar

Date: January 14th, 2009
Location: Heart of Biddeford Conference Room
(Next door to City Theater)
205 Main Street, Biddeford
Time: 7:30 a.m.—9:30 a.m.

- Bring Your Coffee
- Bring your Numbers
- Have your questions answered by experts
- Work on your cash flow

Counseling & Business Assistance
Will Armitage— Executive Director BSAEDC
Gordon Platt— Business Counselor for Maine SBDC

Sponsored by:
Biddeford Saco Chamber of Commerce & Industry
Biddeford Saco Area Economic Development Corp.
Maine Small Business Development Corp.
Heart of Biddeford
Saco Spirit

We're here for you!



- Through surveys find out what help they need
- Nominal cost to attend
- Partner -- SBDC, Chamber, Universities....
- Invite non-downtowners



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Business Expansion

- Share Market Knowledge and DT Direction
 - Help businesses keep pace with the market
 - Build the capacity of downtown businesses to pose and answer questions to inform their own decisions

Wardrobe Safari, Port Washington (WI)



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Saving Local Businesses ~ Creative Business Startups to Serve Communities



- Bakery about to close after 113 continuous years in business due to retirement.
- Michigan economy
- Entire police force (9) decided to buy it together
- All bought shares and invested monthly. No proceeds distributed for 12 months.
- Hired a general manager
- “Protect and Serve” takes on a new meaning

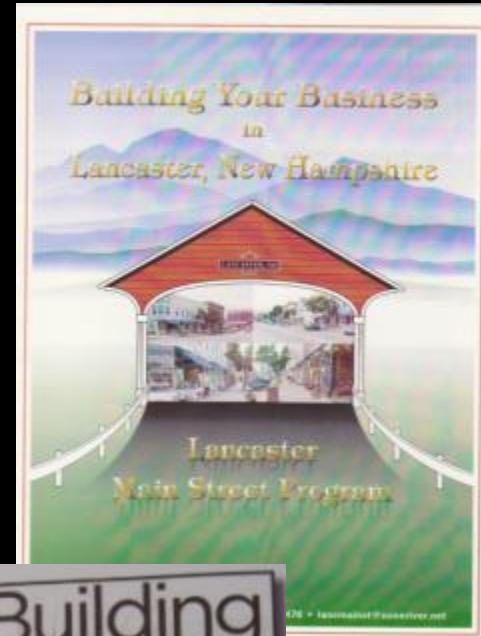


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Ready for Business Recruitment: Things to Know

- Develop your top 5 reasons someone should open a businesses in your downtown.
- Market analysis should identify potential new businesses & entrepreneurship
- Scout \ identify potential prospects, based on your needs/markets.
- Keep in mind that the best prospects are existing businesses.
- Publicize needs - let the community know you are active in recruitment

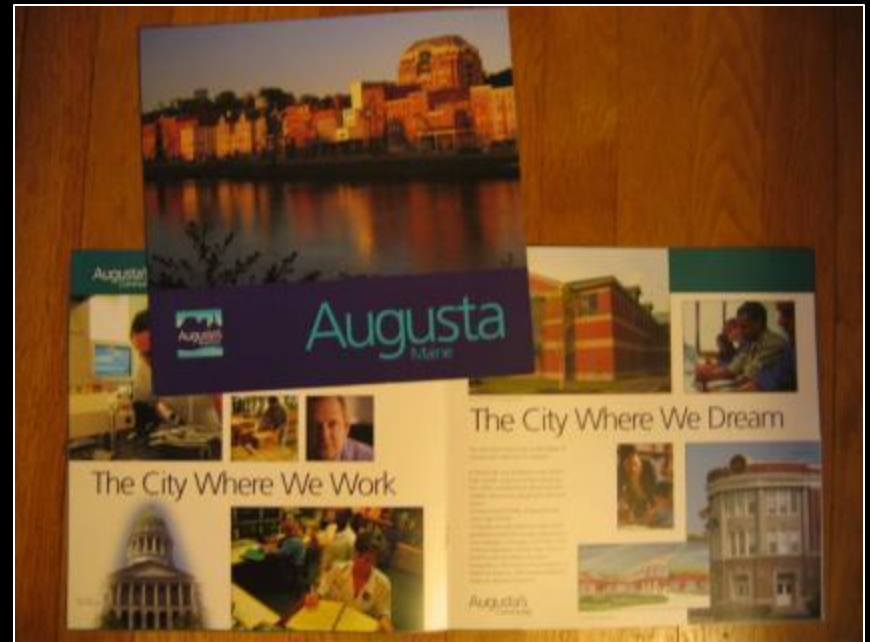


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Recruitment Information

- Post on your website or produce a marketing or recruitment piece.
- Vision Statement
- Market Information
- New market opportunities
- Upcoming events (and how to benefit from those events)
- Available resources (people and publications)
- Tips of the trade
 - Business guidelines
 - Experience-based retailing



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Facilitate transfer of ownership – Succession Planning

Develop an Entrepreneurial Community

Utilize tools to support transition and new business owners such as low-interest loans and training programs

Value Greater than the sum of the parts

- Equipment
- Location
- Inventory
- Experienced manager/employees
- Suppliers
- Business processes
- Customer list
- Contractual relationships



Consider a professionally prepared appraisal

The average buyer wants to purchase a turnkey operation



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Signage in Vacant Buildings



Are you ready to make your dreams come true?



MAGINE

This could be the location of your new business.

920.322.2006
downtownfdl.com

 DOWNTOWN
FOUNDATION
Partnership



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Tips From the Trenches

- Persuade existing businesses to open new ones
- Get keys to vacant/available spaces
- Buy lease options to keep a space available
- Place small start-up businesses in high-traffic areas inside larger businesses
- Be sure everyone who comes into contact with potential businesses knows your overall strategy



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Main Street Purchasing Properties

Grants, Tax Credits, local labor



Rawlins, WY

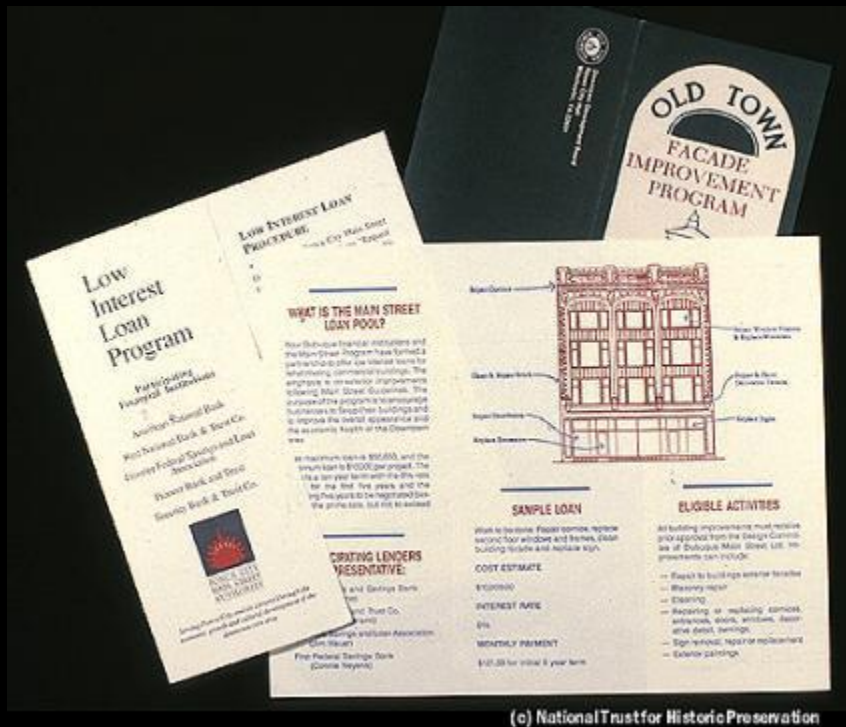


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Incentive Programs

- Small-scale improvements/business development purposes:
 - matching grants for storefront/sign/façade improvements
 - low-interest/revolving loan funds
 - inventory grants
 - micro-loan programs for business start-ups/expansion
 - design assistance



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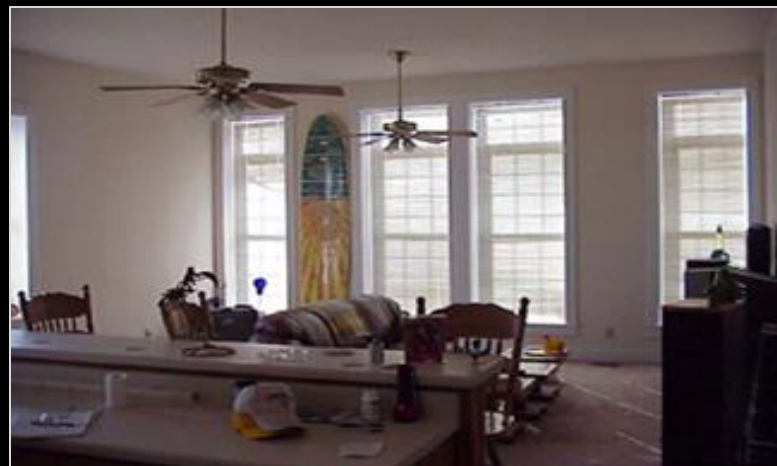


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Finding New Uses for Existing Spaces

- Upper-story housing/office
- Light industry
- Location-neutral businesses
- Cottage industries
- Corporate showrooms
- Entertainment districts



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New Uses



Burlington, IA



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New Uses



Morgan Stanley, Iron Mountain, MI



Tasters Canvas
New Egypt, NJ

Gas Stations into Mixed Use



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Downtown Planning

- Changing land use regulations
 - Encouraging new land uses
 - Regulating certain land uses; e.g., first-floor retail zoning
- Advocating for/and developing a district master plan.
 - Enabling new uses
 - Understanding/unlocking development potential.
 - Revising district zoning regulations.
- Monitoring community planning/development activities.



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Who Serves on the Economic Restructuring Committee?

People Who Like Numbers

- Accountants
- Elected Officials
- Academic Staff

Professionals

- Real Estate
- Developers

Business Assistance/Money

- S.C.O.R.E.
- Bankers
- SBA

Community Partners

- Economic Development Professionals
- University Students
- Chamber of Commerce
- City Staff
- Enthusiastic Business Owners

Others Who Play a Role

- People who like to shop or can be shopping critics (like movie critics)
- People that represent Transformation Strategies
- Good listeners (can keep secrets, are trustworthy)
- People who like puzzles (or Monopoly)
- Good problem solvers and negotiators
- People who like math (crunching numbers)
- Good salespeople



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Economic Vitality

Summary

- Discover the market (who are downtown's customers)
- Learn and document what you know about your downtown. (types of businesses – what are the strengths of downtown?)
- Help strengthen existing businesses (educate)
- Gather information on vacant buildings (ID opportunities)
- Work with property owners to fill vacancies with complementary businesses (strengthen your base)
- ID existing incentive and assemble new incentives and capital (what incentives will entice businesses to open)



Develop underutilized space (look at vacant lots and upper stores as opportunities)



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Questions on Economic Vitality?

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